Investment Savings Plan

Contents

Introduction

A safe and secure future doesn't happen by chance. It takes careful planning. The purpose of the Novartis Consumer Health, Inc. Investment Savings Plan is to help you accumulate the financial resources you'll need to reach your future financial goals.

Although your participation in this plan is voluntary, it offers you the ability to save on a before-tax or after-tax basis by convenient payroll deductions, a dollar-for-dollar company match on your savings up to the first 6% of pay you save, and a range of investment options that allow you to choose the investments that best suit your financial strategy and the level of risk you're willing to accept.

The following pages summarize the Novartis Consumer Health, Inc. Investment Savings Plan (the "investment savings plan" or "plan," for short) for eligible, non-bargaining unit employees. If you have any questions about the information in this summary, call Novartis Benefits Directions at (877) 515-0005 or directly call Fidelity Investment at (800) 354-3971. In addition, you may get specific information as follows:

Information About	Contact	At
Enrollment, account, or loan information, electing saving or investment changes, withdrawals, investment funds, general investment information, and other plan questions	Fidelity Investments	**Fidelity Investments:** (800) 354-3971 or online at https://netbenefits. fidelity.com

The following pages are the summary plan description of the Novartis Consumer Health, Inc. Investment Savings Plan as of its most recent amendments as of February 15, 2004 and March 28, 2005. Please note that the plan also has official plan documents. If there is any conflict between the official plan documents and this summary, the terms of the official plan documents will govern. You may review the official plan documents by contacting Fidelity Investments at (800) 354-3971.

You should know that the Novartis Consumer Health, Inc. Investment Savings Plan may be terminated by the company at any time for any or all active, disabled, terminated, or retired employees. The company may also change any feature of the plan at any time.

Statements of company policies, benefits, and regulations in this summary do not constitute the terms and conditions of an employment contract, either expressed or implied.

No person has the authority to make any statement of any kind that is legally binding on the company or that changes any plan document.

Eligibility and Participation

Who's Eligible?

You're eligible for the investment savings plan if you're a salaried or non-bargaining hourly employee of Gerber Life Insurance Company, Gerber Products Company, Novartis Consumer Health, Inc. Novartis Animal Health US, Inc., Novartis Nutrition Corporation or Sandoz Inc. (collectively "Consumer Health"), or an affiliate participating in the plan, and you're not on an informal international assignment.

You aren't eligible for this plan if you're a leased employee, nonresident alien, on a temporary transfer into the U.S., not on the U.S. payroll, an overseas employee not on the U.S. payroll (with the exception of certain former CIBA-Geigy employees), an independent contractor, eligible to participate in any other savings plan, or someone to whom the company didn't offer participation in this plan and who agreed in writing to this non-participation status. In addition, you're not eligible if you're subject to a collective bargaining agreement, unless that agreement provides for your participation in this plan.

Participation and Enrollment

If you're an eligible **full-time** employee or **part-time** employee regularly scheduled to work at least 20 hours per week, you may begin participation on the first day of the payroll period after you enroll within the cutoff period set by the Benefits Committee. If you enroll after the cutoff period, your participation will begin on the first day of the next payroll period.

If you're an eligible **part-time** employee who is regularly scheduled to work fewer than 20 hours per week, you may start participation after you complete a year of service. You'll complete a year of service if you have at least 975 hours of service during the 12-month period after your hire date or during any calendar year (starting with the first full calendar year after you're hire date).

An **hour of service** includes each hour you're paid (or are entitled to be paid) by the company for:

- your work
- vacation, holidays, illness, incapacity (including disability), layoff, jury duty, military duty, and approved leaves of absence, up to 501 hours for any period in which you aren't working
- back pay that's awarded or agreed to by the company.

If you're granted an approved leave of absence under the Family and Medical Leave Act of 1993, you'll receive the total hours of service you would have worked if you had not been on the family or medical leave of absence.

If you're away from work because of qualified military service, you'll receive the total hours of service you would have worked if you had not been on qualified military service, subject to the requirements of the applicable laws.

If you're away from work for other reasons, or if your employment has terminated, you will have a 1-year break-in-service for each calendar year during which you are credited with 500 or fewer hours of service. If you have 5 consecutive 1-year breaks-in-service, you will lose credit for pre-break service with respect to Consumer Health's company retirement contributions (see p. 21).

If eligible, enrollment instructions will be mailed to your home within about a month after you become eligible to participate.

After receiving the enrollment instructions, to enroll go online at the Fidelity Investments web site at https://netbenefits.fidelity.com to set up your personal identification number (PIN). The online enrollment system will

guide you through the enrollment process. You may also enroll by phone by calling Fidelity Investments at (800) 354-3971. You may also contact Novartis Benefits Directions at (877) 515-0005 if you need help with enrollment.

Although your savings will start as soon as possible after you enroll, it may take up to 45 days for your first payroll deduction to be made.

Automatic Enrollment

The savings plan has an automatic enrollment feature that makes it easy for you to save for your retirement. If you do nothing during the first 30 days of employment (i.e., either do not enroll or do not affirmatively elect a 0% contribution), 3% of your pay will start being deducted from your paycheck and start being contributed to the plan as before-tax savings. Consumer Health will also match those contributions dollar-for-dollar. Both your contributions and Consumer Health's matching contributions will be invested in the Government Money Market Fund (see p. 8 below) unless you elect a different investment option.

You may decline to contribute to the plan or choose to contribute at a different level by calling Fidelity Investments at (800) 354-3971 or by going online at *https://netbenefits.fidelity.com*. You may change your level of contributions (or stop making contributions) at the beginning of a future payroll period by timely calling Fidelity Investments or making your change on-line.

How the Plan Works

Your Account

When you enroll, an account will be set up in your name. You may make several types of contributions to your account, as described in the following information. In addition, based on the savings you make, your account is credited with matching company contributions.

Your Savings

You may save from 1% to 25% of your pay, subject to federal limits, with before-tax dollars, after-tax dollars, or with a combination of both kinds of dollars. Your savings are made automatically by payroll deduction. Keep in mind that your investment elections apply to both before-and after-tax savings — you don't make separate investment elections based on the kind of dollar you save. The major differences between these types of savings are the way they're treated for tax purposes and their availability for withdrawals.

The following table shows what is generally included and excluded from your pay for purposes of the investment savings plan:

What "Pay" Includes	What Pay Excludes
• base salary • commissions • overtime • bonuses (including project incentive bonuses) • cost-of-living allowance and urban adjustments • accrued vacation pay • retention bonus (unless paid after your last day of employment)	• payments from other Novartis plans or the company's deferred compensation plan • severance or dismissal pay • pay instead of notice/notice pay • relocation allowances • expense allowances • sign-on bonuses • suggestion and recruitment awards • attendance awards • other one-time bonuses or special awards that aren't related to short-term job performance; • benefits received under any company benefit plan or program • tuition reimbursement • anniversary awards • imputed income • "be the best" awards • insurance benefits • LTIP or deferred compensation payments • credits you receive to provide coverage under any company benefit plan • stock options • waiver benefits

Your "pay" also doesn't include amounts that exceed the annual federal limit (which is $220,000 for 2006, and which is subject to change for future years). In addition, special rules about pay apply if you're transferred to a non-U.S. affiliated company (see page 22 for more information).

Before-Tax Savings and After-Tax Savings

Before-tax savings are deducted from your pay before other deductions are made, which reduces your taxable income. Therefore, your taxes will be less than they would be if you saved the same amount on an after-tax basis. This means you'll have more money to spend or save than you would if you saved the same amount with after-tax dollars.

Before-tax savings reduce your federal income taxes, as well as most state and local income taxes. Before-tax savings, however, won't affect your social security taxes. For example, if your annual pay is $40,000 and you make annual before-tax savings of $1,500, your pay for income tax purposes for that year would be reduced to $38,500. (For Social Security tax purposes, your pay in this case would still be $40,000.)

After-tax savings are taken from your pay after taxes are withheld, so your current taxable income isn't reduced. Because your savings are taxed before they are deposited in the plan, you won't pay taxes on after-tax savings when you take this money out of the plan (but investment earnings related to after-tax savings are subject to taxes and, in certain cases, to tax penalties, when this money is taken out of the plan).

In addition, neither before-tax savings nor after-tax savings will affect other pay-related benefits provided by the company (such as life insurance, disability, and pension benefits, etc.).

The following table summarizes some of the main differences between before- and after-tax savings.

Before-Tax Savings	After-Tax Savings
reduce current federal income taxes and most state and local income taxes	don't reduce current federal, state, or local income taxes
are subject to an annual federal limit ($15,000 for 2006)	aren't subject to this annual federal limit
in-service withdrawals may be made at any time if you're 591/2 or older; if under 591/2, you must qualify for a hardship withdrawal, but you must withdraw all other available balances and take any available plan loan first; a six-month suspension of your participation may result from a hardship withdrawal	withdrawals may be made at any time, but a six-month suspension of your participation may result from a withdrawal of after-tax savings that have been in the plan for fewer than two years

Changing Your Savings

You may change your saving rate, stop your savings, or switch between before- and after-tax savings once each payroll period. To elect a change:

- call Fidelity Investments at (800) 354-3971 or Novartis Benefits Directions (877) 515-0005, or
- make the change online at *https://netbenefits.fidelity.com*.

Your change will be made as soon as possible after you make your election.

Keep in mind that if your saving rate falls below 6%, matching company contributions will also decrease and, if you stop your savings completely, matching company contributions will also stop.

Matching Company Contributions

Consumer Health gives you a major incentive to save **by matching your savings dollar-for-dollar, up to the first 6% of pay you save.** In effect, the company is paying you to save.

For example, suppose your annual pay equals $40,000 and you're saving at 6%. In this case, your monthly savings would equal $200 ($40,000 ÷ 12 x 6%), and the matching company contributions credited to your account would also equal $200 for the month.

Matching company contributions are credited to your account for each payroll period in which you make savings to the plan and are invested as described on pages 11-15.

Remember, to receive the maximum amount of matching contributions during any year, make sure you're saving at least 6% of your pay (on a before- or after-tax basis, or a combination of the two) during each payroll period. And keep in mind that any savings you make over 6% of your pay for any payroll period aren't matched.

Company Retirement Contribution

Beginning with the 2005 plan year (2004 plan year for Animal Health and Sandoz participants), Consumer Health will make an annual retirement contribution to each active eligible employee's account who has been credited with 975 hours of service during the calendar year and who is actively employed by Consumer Health on December 31 of the year. In

addition, Consumer Health will also make a retirement contribution to eligible employees who became permanently disabled or died during the year or who had been credited with 975 hours during the year and left Consumer Health after attaining age 55 and after completing at least 10 years of service. The first company retirement contribution will be made in early 2006.

This retirement contribution will equal 3% of your eligible pay for the year.

You will be asked to elect where to invest your company retirement contributions. This will be a separate election from the election applicable to your savings contributions or your matching company contributions. If you do not make an affirmative investment election for your retirement contributions, those contributions will be invested in the Government Money Market Fund until you elect a different investment option.

This company retirement contribution is subject to a 5-year cliff vesting schedule, taking into account all your service with Consumer Health and other Novartis affiliates. For additional information on this vesting schedule, please see p. 21.

Rollovers

You may elect to roll over to this plan an "eligible rollover distribution." In general, this includes a taxable lump-sum payment from a similar plan of another employer, an IRA, a 403(b) tax-sheltered annuity plan, and a governmental 457 plan, as well as the rollover of after-tax savings from another employer's plan, but only if the rollover is made directly to this plan. The plan administrator must approve a rollover.

Once you deposit a rollover in this plan, you may invest it the same way as any other savings you make. You must be an employee of the company to elect a rollover into the investment savings plan, unless you're rolling over an eligible payment you receive from the Pension Plan for Salaried Employees of Novartis Corporation.

Remember, unless you've already rolled over a lump sum, you have 60 days after receiving this payment to elect a rollover.

Contact Fidelity Investments at (800) 354-3971 or Novartis Benefits Directions at (877) 515-0005 for details on electing a rollover to this plan.

You're always fully vested in any amount you roll over to this plan and in related invested earnings. However a rollover isn't eligible for matching company contributions.

Annual Nondiscrimination Testing

In general, plans like the investment savings plan are subject to federal rules that require annual tests comparing the savings of participants in the "highly-paid" group with the savings of other participants. This plan, however, is set up to comply with IRS "safe harbor" rules, which provide that this plan's before-tax savings and matching contributions don't need to be tested. Under these rules, however, **after-tax savings are subject to annual testing.** As a result, "highly-paid" participants (who generally are participants whose pay from the company exceeded a specified limit in the prior year, which was $95,000 for 2005 and is subject to change for future years) are subject to limits on their after-tax savings, which currently is 6% of pay. That is, if you're currently in the "highly-paid" group, your after-tax savings may not exceed **6% of your pay.**

If annual testing requires further limits to the after-tax savings of these participants, the company may not be able to make full matching contributions to these individuals. If you're affected by these rules, you'll be notified if the annual testing affects your after-tax savings or matching contributions in any way.

Trust Fund

Your savings, matching company contributions, rollover contributions, and related earnings are held in a trust fund that has been set up for the sole benefit of participants and their beneficiaries.

Limits on Your Savings

In addition to the 25% maximum saving rate, your before-tax savings for any year may not exceed an annual limit set by the federal government. The before-tax savings limit for 2006 will equal $15,000.

For years after 2006, the annual limit on before-tax savings will be subject to further adjustment.

Important! If you reach the before-tax savings limit for any year, your before-tax savings to the plan will stop. If you wish to receive matching company contributions for the remainder of the year, you will need to make an after-tax savings election (if you are not already making after-tax contributions).

Federal rules also place the following limits on plans like the investment savings plan:

- There's a limit on the amount of your annual pay that may be used to determine benefits under a plan like this one. For 2006, only the first $220,000 of your pay may be used to determine your investment savings plan benefits. This annual limit is subject to change each year.

- The total annual contributions to your account (including before-tax savings, after-tax savings, and matching company contributions and company retirement contributions) may not exceed the lesser of **100% of your W-2** income (the annual earnings you receive from the company before any deductions from your pay are made) or **$44,000** (effective in 2006).

Contact Fidelity Investments at (800) 354-3971 or Novartis Benefits Directions at (877) 515-0005 for more information on limits to your savings.

Catch-Up Contributions

Participants **age 50 or older** may make before-tax savings in excess of the annual before-tax savings limit for any year (see above). This rule lets these individuals increase their before-tax savings to better prepare for their future financial needs as they near retirement.

The maximum catch-up contribution you may make for any calendar year is the lesser of 75% of your pay for each payroll period or the annual limit determined for 2006 of $5,000.

You may make catch-up contributions for any calendar year, up to the maximum for that year, **if you'll reach age 50 by December 31 of that year.** For example, you may make catch-up contributions for 2006 if you will reach age 50 by December 31, 2006.

Catch-up contributions are made by payroll deduction and elections are made for one calendar year at a time. The percentage you elect for catch-up contributions will automatically continue during the next calendar year until you change your election.

If you'll be age 50 or older by December31 of any calendar year, you may apply to make catch-up contributions by requesting an election form and details by calling Fidelity Investments at (800) 354-3971 or by going to www.netbenefits.fidelity.com to make an election online.

Catch-up contributions may be made only if your before-tax savings equal **at least 6%** of your pay. Catch-up contributions **don't** apply to after-tax savings, and no company match will be made for any catch-up contributions you make.

Your catch-up contributions will be invested the same way as your current savings are invested – no separate investment election is required. In addition, you're always 100% vested in your catch-up contributions and related earnings.

Once deposited in the plan, catch-up contributions are subject to the same plan rules as your before-tax savings (for example, the rules regarding loans, hardship withdrawals, the tax penalty upon withdrawal before age 59½, withholding and rollover rules, etc.).

If You Serve in the Military

If you're a participant in the investment savings plan when you start U.S. military service, including service in the National Guard, and you apply to be reemployed by the company within specified time limits after your military service ends, you'll be able to make contributions to the investment savings plan for the period of your military service. These are called "make-up contributions," and will be in addition to any contributions you may make under the other plan provisions. Moreover, your make-up contributions would make you eligible for the matching company contributions you would have otherwise received during the period of your military service.

Any make-up contributions you make may not exceed the amount you otherwise would have been allowed to make to the plan, assuming you were continuously employed by the company during your military service.

In addition, you may be eligible to receive retirement contributions that were made while you were serving in the military. To be eligible for make-up contributions or to receive company retirement contributions, you must apply for reemployment with the company within the period set by law. You generally won't be eligible for make-up contributions if your military service lasts for more than five years.

Contact Fidelity Investments at (800) 354-3971 or Novartis Benefits Directions at (877) 515-0005 for more information.

Your Beneficiary

Every participant is required to make a beneficiary designation under the plan.

If you're married, your spouse must be your sole beneficiary, unless your spouse consents in writing in the presence of a notary public or plan representative to name a different beneficiary.

If you're single, you may name anyone (or more than one person) as your beneficiary.

If no beneficiary survives you, your spouse (if any) or your estate will be your beneficiary.

To name or change your beneficiary, go online at *https://netbenefits.fidelity.com.* If your beneficiary designation requires spousal consent, you must complete a form and return it to Fidelity. In this event, call Fidelity Investments at (800) 354-3971 or Novartis Benefits Directions at (877) 515-0005 and request a beneficiary form.

If You Become Ineligible

If you no longer qualify as an eligible employee (see page 4) and you continue your employment with the company, your participation in the plan will be suspended during this period. This means that you may not make any savings or receive matching company contributions or company retirement contributions during the period in which your participation is suspended.

Cost of Operating the Plan

Generally, the cost of operating the investment savings plan is paid from plan assets, but these costs may also be paid by the company.

Your Investment Choices

The investment savings plan offers a range of investment options so that you may choose the investments that best suit your financial strategy and the level of risk you're willing to accept. You're the only one who may decide how to invest your savings. Different rules, however, apply to the investment of matching company contributions and company retirement contributions (see below).

You may invest your before-tax savings, after-tax savings and any rollover contributions in one or more of the available investment options (except the Novartis Stock Fund, which is only available for the investment of matching company contributions and company retirement contributions).

You may invest your matching company contributions and company retirement contributions in one or more of the available investment options including the Novartis Stock Fund.

Your investment elections must be made in multiples of 1%.

Investment Expenses

All third-party costs related to the investment of the plan's assets (including, but not limited to, trustee fees, investment managers' fees, brokerage commissions, transfer taxes, and any other charges resulting from the buying and selling of securities) are charged against the performance of the applicable fund.

The Plan's Investment Options

The following pages provide a brief description of the available investment options. If you have questions about a specific option, or about investing in general, call Fidelity Investments at (800) 354-3971 and speak with a Fidelity representative.

Investment Option and Description	Risk	Return Potential	Asset Class/ Investments	Fund Manager(s)	Overall Objective
Government Money Market Fund: Preserve your investment while earning money market interest	Low	Low	Capital Preservation (short-term securities maturing in less than one year)	Bankers Trust	To provide the highest possible yield consistent with stability of principal through active management
Interest Income Fund: Earn income with some potential for capital growth	Low	Low to Moderate	Income (fixed income securities, both market-valued and book valued)	J.P Morgan	To provide the highest possible returns consistent with investing in high-quality fixed income securities through active management
Treasury Bond Index Fund: A representative sample of the U.S. Treasury obligations included in the Lehman Index	Low	Low to Moderate	Income (U.S. bonds)	Northern Trust	To provide investment results approximating the performance of the Lehman Brothers Treasury Bond Index
Total Bond Index Fund: Provides desired exposure to the Lehman Aggregate Bond Index using quantitative techniques that maintain the portfolio's neutrality to the index by monitoring a broad range of factors while avoiding illiquid securities and excessive transaction costs.	Low	Low to Moderate	Income (U.S. bonds)	Northern Trust	To hold a portfolio representative of the overall United States bond and debt market, as characterized by the Lehman Brothers Aggregate Bond Index
Diversified Bond Fund: Earn income with potential for capital Growth	Low to Moderate	Low to Moderate	Income (U.S. bonds)	State Street Global Advisors	To provide returns similar to those of the broad U.S bond market through active management.
Target Retirement Income Fund	Low	Low to Moderate	Stocks and bonds (U.S.)	The Vanguard Group	Seeks to provide current income and some capital appreciation.
2015 Target Retirement Fund	Moderate	Moderate	Diversified (Mixed U.S. and international stocks and bonds)	The Vanguard Group	Seeks to provide growth and capital and current income consistent with its current asset allocation.
2025 Target Retirement Fund	Moderate to Aggressive	Moderate	Diversified (Mixed U.S. and international stocks and bonds)	The Vanguard Group	Seeks to provide growth and capital and current income consistent with its current asset allocation
2035 Target Retirement Fund	Moderate to Aggressive	Moderate to High	Diversified (Mixed and U.S. and international stocks and bonds)	The Vanguard Group	Seeks to provide growth and capital and current income consistent with its current asset allocation.
Asset Allocation Fund: Diversify Assets while making just one investment decision	Moderate	Moderate to High	Diversified (Mixed U.S. and international stocks and bonds)	J. P. Morgan	To provide growth and income through asset allocation and active management.
Large Cap Value Index Fund: Represents the large cap segment of the U.S. equity market with a focus on the "value" style of investing.	Low	Moderate	Value (U.S. large company stocks)	Northern Trust	To approximate the risk and return characteristics of the S&P 500/BARRA Value Index
Large Cap Index Fund (formerly the "S&P Index Fund"): Represents the large cap segment of the U.S. market.	Low	Moderate	Core (U.S. large company stocks)	Northern Trust	To approximate the risk and return characteristics of the S&P 500 Index

Investment Option and Description	Risk	Return Potential	Asset Class/ Investments	Fund Manager(s)	Overall Objective
Large Cap Growth Index Fund: Represents the large cap segment of the U.S. equity market with a focus on the "growth" style of investing.	Low	Moderate to High	Growth (U.S. large company stocks)	Northern Trust	To approximate the risk and return characteristics of the S&P 500/BARRA Growth Index
Mid Cap Index Fund: Represents the mid cap segment of the U.S. equity market.	Low	Moderate to High	Core (U.S. mid company stocks)	Northern Trust	To approximate the risk and return characteristics of the S&P Midcap 400 Equity Index Fund.
Small Cap Value Index Fund: Represents the small cap segment of the U.S. equity market with a focus on the "value" style of investing.	Low	Moderate	Value (U.S. small company stocks)	Northern Trust	To approximate the risk and return characteristics of the Russell 2000 V alue Index.
Small Cap Index Fund: Represents the small cap segment of the U.S. equity market.	Low	Moderate	Core (U.S. small company stocks)	Northern Trust	To approximate the risk and return characteristics of the Russell 2000 Index.
Small Cap Growth Index Fund: Represents the small cap segment of the U.S. equity market with a focus on the "growth" style of investing.	Low	Moderate to High	Growth (U.S. small company stocks)	Northern Trust	To approximate the risk and return characteristics of the Russell 2000 Growth Index Fund.
Total Stock Market Index Fund: Represents the broad equity market contained in the Russell 3000 Equity Index.	Low	Moderate to High	Core All Cap (U.S. all cap stocks)	Northern Trust	To approximate the risk and return characteristics of the Russell 3000 Equity Index Fund.
Small Company Fund: Share in the growth of the nation's smaller companies	High	High	Growth (U.S. small company stocks)	Amerindo Investment Advisors, LSV Asset Management, Putnam Investments, Rosenberg, Trust Company of the West	To provide long-term capital growth and dividend income through both quantitative and active management
International Fund: Diversify your stock holdings by investing in companies located outside the U.S.	High	High	Growth (International stocks)	Brinson, Hotchkis & Wiley, Putnam Investments	To provide long-term growth and capital appreciation through active management.
Aggressive Growth Fund: Invest in stocks of small to medium-sized U.S. companies that have the potential for rapid growth	Very High	High	Growth (U.S. small and medium company stocks)	Amerindo Investment Advisors, Putnam Investments	To provide long-term growth and capital appreciation through active management.
Novartis Stock Fund (only available for investment of matching company contributions and company retirement contributions): Share in the future success of the company	Very High	High	Growth (Novartis AG common stock)	Northern Trust	To provide long-term growth through capital appreciation.

Changing Your Investments

You may change the investment of your **future savings or current balances** (by electing a transfer) as often as you want by calling Fidelity Investments at (800) 354-3971 or by going online at *https://netbenefits.fidelity.com.*

Your investment elections must be made **in multiples of 1%.**

A change will take effect on the business day you make the change, provided it's made by 4:00 p.m. Eastern time. If it's made after 4:00 p.m. Eastern time, or on a weekend or holiday, the change will take effect on the next business day.

Important! Because of restrictions in certain investment contracts of the Interest Income Fund, you may not elect a transfer directly from the Interest Income Fund to the Government Money Market Fund. This money must first be invested in one or more of the other funds for a three-month period before it may be transferred to the Government Money Market Fund.

Keep in mind that you may invest your savings and the company retirement contribution, and related earnings, in any available option other than the Novartis Stock Fund. In addition, you may invest matching company contributions and company retirement contributions in any available option, including the Novartis Stock Fund.

Investment of Fund Earnings

All earnings related to your account in any investment fund are automatically reinvested in that fund.

Understanding Risk and Diversification

Are you effectively managing the investment of your account under the investment savings plan? It's one of the most important ways to make sure you're getting the most out of the plan. And effective investment management requires an understanding of risk and diversification.

When it comes to risk, keep in mind that less risky investments generally provide more stable returns but with a lower potential for growth. And, while higher risk investments may fluctuate more, they provide the potential for greater growth.

The way to benefit from the stability of lower-risk investments and the growth potential of higher-risk investments is by diversification. This means investing your account in more than one type of investment fund.

In addition, the investment savings plan is intended to be a participant-directed plan, as described in Section 404(c) of the Employee Retirement Income Security Act (ERISA) and applicable federal regulations. Under these regulations, fiduciaries of the plan may be released of liability for any losses that are the direct and necessary result of investment instructions given by a participant or beneficiary.

Account Information

You may go online at *https://netbenefits.fidelity. com,* or call Fidelity Investments at (800) 354-3971 for account balance information. You may also request to receive quarterly statements showing your savings, plan transactions (such as loans or withdrawals), and investment earnings or losses, or you may arrange to access your account statements online rather than having it sent to your home. If you wish to receive quarterly statements, please contact Fidelity Investments at (800) 354-3971.

Loans and Withdrawals

Although the plan is set up to help you reach your long-term financial goals, when you need money for current expenses you may be able to get the money you need by electing a plan loan or withdrawal. When you take a loan, you pay yourself back, with interest, by convenient payroll deductions. When you take a withdrawal, you may be subject to income taxes, tax penalties, and a suspension of your plan participation.

Types of Loans

Two types of loans are available under the plan:

- ***General Purpose Loan.*** You may obtain this type of loan for any reason.

- ***Principal Residence Loan.*** You may obtain a principal residence loan (with a longer repayment period than a general purpose loan) to finance the purchase of a principal residence (house, condominium, or co-op) for yourself.

Important! Loans aren't available to anyone who is away from work on an unpaid leave of absence or anyone who is no longer employed by the company. In addition, you may have only two loans outstanding at any time, provided one is a principal residence loan. If you should need to borrow additional money while you have two loans outstanding, you must first repay one loan in full.

How Much You May Borrow

The minimum loan is **$1,000.**

The maximum you may borrow at any time is the lesser of:

- 50% of your total vested account balance, minus any current outstanding loan balance, or

- $50,000 minus the sum of your highest outstanding loan balances during the past 12 months.

For example, if your total vested account balance equals $48,000 and you had no outstanding loan balance during the past 12 months, your maximum loan would equal the lesser of $50,000 or 50% of $48,000 ($24,000). In this example, the maximum you could borrow is $24,000.

Your loan may be any increment of one dollar.

To find out the amount in your account that's available for a loan, call Fidelity Investments at (800) 354-3971 or the Novartis Benefits Resource Center at (877) 515-0005, or go online at *https://netbenefits.fidelity.com.*

When you take a loan, this money is taken from each investment option in which your account is currently invested on a pro rata basis. In addition, a loan is taken from your account balances in a specified order based on priority. All funds within an account are depleted before reducing the next account, in the following order:

- before-tax savings

- matching company contributions (made before 2000; made before 1999 for Nutrition participants)

- rollover contributions

- after-tax savings (made before 1987) and related earnings

- after-tax savings (made after 1986) and related earnings

Please note that although matching company contributions **made after 1999 (after 1998 for Nutrition participants)** and vested company retirement contributions may be used to determine one-half of your vested account balance, they may not be borrowed.

Interest on Your Loan

When you take a loan, an interest rate, generally equal to the prime rate (as reported in the Wall Street journal) plus 1 %, will be set at the beginning of each quarter and will be fixed for the life of your loan. To find out the current interest rate, call Fidelity Investments at (800) 354-3971 (or go online at *https://netbenefits.fidelity.com*).

Applying for a Loan

You may apply for a loan by calling Fidelity Investments at (800) 354-3971 or by going online at *https://netbenefits.fidelity.com*, where a representative will help you apply for a loan, as follows:

- The representative will advise you of the amount available for a loan and the interest rate, and will review your repayment options.
- Based on this information, you specify the amount of the loan and the repayment period.
- Within three to ten business days after you apply for a loan, Fidelity will send you the loan check, an amortization schedule, and a truth-in-lending statement that summarizes the terms of the loan.

Important! Loans are subject to a one-time loan initiation fee of $75. This fee will be deducted from your account when the loan check is issued and will be reported on your quarterly statement.

Repaying Your Loan

When you borrow money from your account, you must agree to repay the loan with interest in substantially equal payments by payroll deduction on an after-tax basis.

Upon obtaining a loan, a loan account will be set up in your name. As you make repayments, the balance in the loan account will be reduced. Your loan account balance will appear on your regular quarterly account statement, and you may call Fidelity Investments at (800) 354-3971 (or go online at *https://netbenefits.fidelity.com*) to find out the current balance of your loan account.

You may choose to repay a general purpose loan over a **one- to five-year period**, and you may choose to repay a principal residence loan over a period of from **15 to 30 years.** The minimum loan period is one year. In addition, you may choose to repay a loan in full at any time without penalty. Partial repayments (other than your regular payroll deductions) aren't allowed.

The interest and principal you repay to your account are invested according to your current investment elections. Like any other money in the plan, you may transfer this money to any available investment option on any business day. In addition, as you repay a loan, the repayments (including interest) are credited to your accounts in the following order:

- after-tax savings (made after 1986) and related earnings
- after-tax savings (made before 1987) and related earnings
- rollover contributions
- matching company contributions (made before 2000; made before 1999 for Nutrition participants)
- before-tax savings.

The order in which repayment is made is designed to provide maximum financial advantage to you. For example, your before-tax savings are the least accessible for withdrawals if you're under age 59½. For this reason, this money is used first to provide loan proceeds, which leaves the contributions that are more accessible for withdrawals (such as after-tax savings) available if you should then need to make a withdrawal.

If you're away from work for any reason but remain an employee of the company (such as an approved leave of absence), you must continue to repay your loan:

- by payroll deduction (if you continue to be paid by the company during the absence), or
- by making payments directly to the plan according to your normal repayment schedule or as otherwise agreed to by the plan administrator (but no less frequently than monthly).

In addition, if you should become disabled while you have an outstanding loan, you may arrange to continue to repay your loan by check each month.

Tax Considerations for Loans

The interest you pay that's related to a plan loan isn't deductible for federal income tax purposes. Please note that interest on principal residence loans, which aren't mortgages under the tax code, also aren't deductible for federal income tax purposes.

Defaults

You'll be in default if you fail to make any payment on your loan within 90 days after the due date or otherwise fail to comply with any plan provisions that apply to loans.

If you default on a loan while you're an employee of the company, the unpaid balance of your loan and accrued interest will be treated for tax purposes in the same manner as if this money had been paid to you as a withdrawal. The taxable portion of this amount will be reported to the Internal Revenue Service and the remaining loan balance will continue to be reported as an outstanding balance until your employment with the company ends.

If you have an outstanding loan balance when your employment with the company ends, you may continue to repay the loan by making payments directly to Fidelity. If you wish to continue repaying your loan, you must set up your repayment schedule with Fidelity within 30 days after your termination date. If you do not continue repaying your loan and it goes into default, the outstanding loan balance will be automatically treated as a withdrawal for tax purposes and an IRS Form 1099R will be issued to you during the following January.

Types of In-Service Withdrawals

You may withdraw all or part of your vested account balance under the plan. The IRS, however, has established strict guidelines for withdrawing before-tax savings and related investment earnings before age 59½. In addition, there are two types of withdrawals available under the plan: non-hardship and hardship. Different rules apply based on the type of withdrawal you make.

Important! Withdrawals are subject to a **$25 distribution fee.**

Non-Hardship Withdrawals

If eligible, you may request a non-hardship withdrawal online at *https://netbenefits.fidelity.com* or by calling Fidelity Investments at (800) 354-3971. The following non-hardship withdrawals are available under the plan:

- ***Withdrawals Before Age 59½.*** Before you reach age 59½, you may withdraw matching contributions made before 2000 (before 1999 for Nutrition participants), after-tax savings, and any investment earnings related to these contributions. Before you reach age 59½, you may withdraw before-tax savings only under the hardship withdrawal rules. Matching contributions and any investment earnings are considered taxable income. You may also be subject to an additional 10% penalty tax and mandatory 20% withholding requirement on any taxable amounts, unless these amounts are rolled over to an IRA or another qualified plan.

  If you withdraw after-tax savings that have been in the plan for fewer than two years, **your plan participation will be suspended for six months.** To resume your savings after your suspension ends, call Fidelity Investments at (800) 354-3971.

  In addition, your withdrawal may not reduce your account balance to an amount that is less than any outstanding loan balance you may have.

Withdrawals On or After Age 59½. Once you reach age 59½, you may withdraw any vested account balance for any reason. Although your withdrawal will be considered taxable income, you won't be subject to the 10% penalty tax for early distribution. Your withdrawal, however, will be subject to the mandatory 20% tax withholding.

Your withdrawal may not reduce your account balance to an amount that is less than any outstanding loan balance you may have.

Withdrawal Priority. When you make a non-hardship withdrawal, this money is taken from your account balances in a specified order. All funds within an account are depleted before reducing the next account, in the following order:

- after-tax savings that have been in the plan at least 24 months
- after-tax savings that have been in the plan for fewer than 24 months (remember, the withdrawal of this money will result in a six-month suspension of your participation)
- matching company contributions made prior to 2000 (before 1999 for Nutrition participants)
- matching company contributions made after 1999 (1998 for Nutrition participants) (only if you're age 59½ or older)
- vested company retirement contributions (only if you're age 59½ or older)
- before-tax savings (only if you're age 59½ or older)
- rollover contributions.

Rollover Withdrawal. You may withdraw up to the full amount you rolled over from another qualified plan or conduit IRA into this plan at any time. Your withdrawal may not reduce your account balance to an amount that is less than any outstanding loan balance you may have.

Hardship Withdrawals

If you're an active employee **under age 59½,** a hardship withdrawal of your before-tax savings may be approved if you first take all available plan loans and withdraw all amounts available to you under a non-hardship withdrawal. Keep in mind that a hardship withdrawal may result in a six-month suspension of your plan participation.

A hardship withdrawal consists of your before-tax savings and related investment earnings, other than earnings related to before-tax savings credited to your account after **December 31, 1988.**

The plan administrator approves the amount needed to satisfy your hardship withdrawal request. You must provide satisfactory documentation that you need a hardship withdrawal for one of these reasons:

1. to pay certain health-care expenses already incurred by you, your spouse, or your dependent children that aren't reimbursed under any healthcare plan, or to pay amounts needed in advance to obtain these services,
2. to buy your principal residence (other than amounts financed or amounts used to make mortgage payments),
3. to pay tuition and related educational fees for post-secondary education for yourself, your spouse or dependent children, for up to a 12-month period, or
4. to pay amounts needed to prevent your eviction from your principal residence or to prevent foreclosure on the mortgage of your principal residence.

The amount of your hardship withdrawal may be "grossed-up" to reflect any federal, state, or local taxes or penalties reasonably anticipated as the result of the withdrawal, and the amount may be decreased by all other distributions and nontaxable loans available under any other Company-sponsored plan.

The amount of your hardship withdrawal may not exceed the amount required to meet the financial need (including any taxes or penalties associated with a withdrawal). In addition, the funds required to meet the financial hardship must not be reasonably available from other sources.

The minimum hardship withdrawal is **$500.**

In addition, no portion of a hardship withdrawal may be rolled over to an IRA or to another plan that accepts rollovers.

Effect of a Hardship Withdrawal

During the six-month period after a hardship withdrawal, you may not participate in the plan and you won't receive matching company contributions. For example, suppose you received a hardship withdrawal in July 2006. In this case, you couldn't make before- or after-tax savings from August 2006 through January 2007.

To resume your savings after your suspension ends, call Fidelity Investments at (800) 354-3971.

In addition, hardship withdrawals are considered taxable income and are generally subject to a 10% excise tax. Novartis is also required to withhold 20% of the taxable amount you withdraw. Please keep this in mind as you decide how much to withdraw from the plan.

Loans vs. Withdrawals

Loans and withdrawals give you two ways to get money when you need it. There are several factors you should consider when choosing between a loan or a withdrawal:

- Matching company contributions aren't suspended when you take a loan. A withdrawal of after-tax savings or a hardship withdrawal may result in a six-month suspension of plan participation, during which you won't receive matching company contributions.

- Loans aren't taxed as income to you and aren't subject to a tax penalty. But all or part of a withdrawal may be subject to taxes and, if you're under age 59½, the taxable portion of the withdrawal generally is subject to a 10% tax penalty.

- Repayment of a loan is made automatically to the plan by payroll deduction on an after-tax basis. You should consider the effect these repayments will have on your take-home pay before borrowing from the plan. A withdrawal has no effect on your take-home pay.

- Because loans are paid back to your account, you'll eventually restore your account balance. Once you make a withdrawal, this money may not be returned to the plan.

- A hardship withdrawal isn't permitted if a plan loan is available.

In addition, if you take a loan under the plan, you'll still be able to withdraw the available balances in your account.

Important! If your employment with the company has ended and you chose to leave your account in the investment savings plan, you may elect to withdraw all or part of your plan account at any time. **But you may not elect a loan after your employment has ended.**

Receiving Your Benefit

When Your Account Is Paid

You may begin receiving payment of your account balance when your employment with Novartis and all affiliated corporations ends for any reason.

If your vested account balance (including rollovers and related earnings) is **$1,000 or less,** you or your beneficiary will automatically receive the full value of your account in a lump sum as soon as possible after the date your employment ends or after the date of your death. If your vested account balance is between $1,000 and $5,000, the Committee will deposit the amount in an IRA with Fidelity unless you elect to receive a lump sum. If your vested account balance (including rollovers and related earnings) is **greater than $5,000,** you or your beneficiary will receive an application for benefits. Prior to March 28, 2005, the automatic lump sum applied to vested account balances of $5,000 or less.

If you choose to leave your account in the plan after your employment ends, you should know that:

- you may change the investment of the balances in your account just as if you were an active employee, and

- any earnings credited to your account will continue to grow tax free until you receive payment.

Payments from the plan generally must begin on or before April 1 after the calendar year in which you reach age 70½ (unless you are still employed by Novartis or an affiliated corporation).

Vesting

Vesting refers to your right to the balances in your account.

You're always fully vested in your before-tax and after-tax savings, any rollover contribution you deposit in this plan, and in matching company contributions credited to your account, as well as in earnings related to any of these amounts.

You become vested in your company retirement contributions once you have been credited with 5 years of vesting service. You earn a year of vesting service in any calendar year in which you are credited with at least 975 hours of service. You also vest in these contributions upon your death, disability while actively employed or attainment of age 65 while actively employed.

If your employment with Consumer Health and all Novartis affiliates terminates before you are vested in your company retirement contributions, those contributions and any earnings thereon will become forfeitures. However, if you are rehired by Consumer Health or a Novartis affiliate before you incur 5 consecutive 1-year breaks-in-service, the amount of your forfeiture (unadjusted for any earnings or losses) will be restored to your retirement account.

How Your Account Is Paid

If your employment with Consumer Health and all affiliated corporations ends for a reason other than death, you may elect to receive payment of your account in one or more of the following ways:

- a **lump-sum** payment, from which Novartis must withhold federal income taxes equal to 20% of the taxable distribution if the lump-sum payment is not rolled over directly to an IRA or another qualified retirement plan, or

- substantially equal **monthly, quarterly, semi-annual, or annual installments** for any specified period (subject to life expectancy limits). If the payment period is fewer than 10 years, Novartis must withhold federal income taxes equal to 20% of the taxable amount of each installment.

If you elect installments, you may change the period or frequency of the installments at any time. You may also take partial distributions or elect a complete distribution at any time.

Qualified Domestic Relations Orders

If you're divorced or legally separated, all or part of your account may be subject to the terms of a qualified domestic relations order. This may affect your ability to make a withdrawal or loan, the amount that may be withdrawn or borrowed, as well as other plan payments. Contact Fidelity Investments at (800) 354-3971 or the Novartis Benefits Directions at (877) 515-0005 for information on how a qualified domestic relations order may affect your account under the plan.

The plan has rules on how it handles qualified domestic relations orders. You may obtain a copy of these rules, at no cost to you, by contacting Fidelity Investments at (800) 354-3971 or the Novartis Benefits Directions at (877) 515-0005.

Important! Your account will be charged a **$1,000 processing fee** for any qualified domestic relations order the plan receives.

Taxes on Benefits

Under federal rules, all payments you receive, other than payment of after-tax savings, will be considered taxable income, unless this money is rolled over to an IRA or another qualified plan. In addition, payments received by participants under age 59½ may be subject to a 10% tax penalty. Remember, if you're age 55 or older when your employment with Novartis ends, the 10% tax penalty won't apply to you.

In addition, 20% mandatory tax withhold will apply to payments that are considered "eligible rollover distributions" (for example, lump sum payments, installments paid out over a period of fewer than 10 years, non-hardship withdrawals) that aren't rolled over to an IRA or another qualified retirement plan.

You'll receive a special tax notice from the plan (or be asked to acknowledge having read the notice online) at the time you request a withdrawal or payment from the plan. You should contact Fidelity Investments at (800) 354-3971 if you have any questions.

How a Transfer Affects You

If you're transferred to an affiliated Novartis corporation in the U.S., your account under this plan in most cases will be transferred to your new plan. You may not receive payment from this plan until you leave Consumer Health and all affiliated corporations (including non-U.S. affiliates). If your account remains in this plan, you may elect withdrawals or loans under the same terms as if you were still employed by Consumer Health. If you are transferred back to Consumer Health, your participation will resume as soon as practicable after your return.

If you're temporarily transferred outside the U.S., your active participation in the plan will continue while you remain on Consumer Health's U.S. payroll. If the transfer is permanent, your active plan participation will end. You may continue to make investment elections and elect withdrawals or loans under the same terms as if you were still employed by a U.S. Novartis company.

If You Are Reemployed

Any installment payments you're receiving will stop if you're rehired as an eligible employee and you're paid for at least 40 hours in any month (or any payroll period, if that payroll period is four or five weeks).

If you're away from work because of service in the Armed Forces of the Un ited States, and you resume your employment with the company within the time limits set by law, this absence won't cause a break in service and your period of military service will count as service under the plan.

When Benefits Are Not Paid

Benefits under this plan may not be paid to you or your beneficiary if we don't have a current address on file for you or your beneficiary (please keep information about you and your beneficiary up-to-date).

Claims for Benefits

What to Do

Benefits aren't automatic. You or your beneficiary must file a claim. Contact Fidelity Investments at (800) 354-3971 or Novartis Benefits Directions at (877) 515-0005 for details on the forms you'll need to file and any other information that may be required (such as proof of marriage).

A decision on a claim will be given to you or your beneficiary as soon as possible, but no later than 90 days after a claim is filed, or 180 days in special cases.

If Fidelity Investments doesn't respond to a claim in writing in a timely manner, the claim will be considered to have been denied.

If a Claim Is Denied

If a claim is denied, in whole or in part, you or your beneficiary will receive a written notice from the plan administrator explaining why and on which plan provisions the claim has been denied. The notice will also explain how to file an appeal. An appeal must be made within 60 days after a denial by writing to the plan administrator. You or your beneficiary also may choose to name a representative to handle your appeal. If you don't appeal the denial within this 60-day period, it will be determined that the denial is correct.

You or your beneficiary will be told the reason or reasons a claim has been denied. All material related to a claim, such as the plan's official documents, may be examined by you or your beneficiary. Copies of any materials or records that support the claim should be sent within 30 days of the appeal.

A decision on an appeal usually will be made within 60 days of when it's received, or 120 days in special cases. If a decision on an appeal can't be made within 60 days, you'll be notified in writing before the end of this 60-day period of the special circumstances that require an extended period of consideration of your appeal. The plan administrator's decision on an appeal is final. If you or your beneficiary has filed a claim for benefits which has been denied on appeal by the plan administrator and you or your beneficiary believes the claim has been improperly denied, in whole or in part, you or your beneficiary has certain rights. See pages 26-28 for details.

If the plan administrator doesn't respond to a request to appeal a disputed claim in writing in a timely manner, the disputed claim will be considered to have been denied.

You must exhaust all of the plan's claim and appeal procedures before making a claim in court.

Administrative Information

Name of Plan

Novartis Consumer Health, Inc. Investment Savings Plan

Plan Sponsor

This plan is sponsored by:

Novartis Consumer Health, Inc.
200 Kimball Drive
Parsippany, NJ 07054

Plan Administrator

This plan is administered by:

Benefits Committee
Novartis Consumer Health, Inc.
200 Kimball Drive
Parsippany, NJ 07054

The plan administrator has the discretionary authority to control and manage the operation and administration of the plan, including all rights and powers needed to carry out its functions, whether or not such rights and powers are specified in this document.

In addition, the plan administrator has the discretionary authority to interpret the provisions of the plan, to determine all questions arising under or related to the plan, including all questions of fact and questions of eligibility to participate and obtain benefits, and to determine the amount, manner, and time of payment of any benefits under the plan. The plan administrator may, in its sole discretion, delegate authority with regard to the administration of the plan, or any portion of the plan. The plan administrator's (or its designee's) decisions are final and binding.

Investment Committee

An Investment Committee is appointed by the Novartis Corporation Board of Directors. The Committee is responsible for:

- reviewing the investment performance of the trust fund, and directing the investment of fund assets,
- appointing (and dismissing) a trustee and one or more investment managers managing assets,
- establishing investment guidelines and objectives for the trustee and any investment manager, and
- directing the allocation among the assets of the trust fund.

You may contact the Investment Committee by writing to: Investment Committee Novartis Corporation 608 Fifth Avenue New York, NY 10020

Trustee

All contributions to support this plan go into a trust fund held by:

Fidelity Management Trust Company
82 Devonshire Street
Boston, MA 02109

Employer Identification Number

When dealing with or referring to the plan in terms of claim appeals or other correspondence, you'll receive a more rapid response if you identify the plan fully and accurately. To identify the plan, you need to use Novartis' employer identification numb er (EIN): 06-1415390. You also need to know the plan's official name and number.

Plan Number

002

Plan Type

The plan is a "defined contribution/401(k)" plan for purposes of ERISA.

Plan Year

January 1 through December 31

Agent for Service of Legal Process

The agent for service of legal process is:
Novartis Consumer Health, Inc.
200 Kimball Drive
Parsippany, NJ 07054

Legal process may also be served on the plan administrator or trustee.

Plan Amendment or Termination

The Novartis Consumer Health, Inc. Investment Savings Plan may be terminated by the company at any time. The company may also change any feature of the plan at any time.

If the plan should end, the money in the trust fund will be used only for the benefit of participants and beneficiaries.

In the event of a complete plan termination, all participants will become fully vested in their account balances. In the event of a partial termination, all participants affected by the partial termination will become fully vested in their account balances.

Plan Documents

This document summarizes the main features of the savings plan as of January 1, 2006. This document is written in everyday terms and avoids technical terms wherever possible. You should know that the plan also has official documents; this summary isn't an official plan document. The official plan documents— not this summary— must be used to resolve any question about benefits from the plan.

You may review the official documents by contacting the Fidelity Investment at (800) 354-3971. And you may obtain copies of the documents by writing to the plan administrator. A reasonable charge may be made for copying these materials.

If You Can't Receive Payments

If the company determines that you or your beneficiary isn't able to receive payments— for example, if you're physically or mentally disabled— it may have payments made to the person or institution who is responsible for you or your beneficiary.

Benefit Insurance

Certain employee-benefit plans, such as defined-benefit plans, have benefit insurance. This insurance is provided by the Pension Benefit Guaranty Corporation, or PBGC.

The investment savings plan is a defined-contribution plan. It doesn't have benefit insurance because PBGC insurance is neither required nor permitted for this type of plan.

Special Top-Heavy Rules

If the investment savings plan becomes "top-heavy" as defined by the Internal Revenue Service, minimum benefits and limits on compensation under the plan may be affected. Although it isn't expected that the plan will become top-heavy, you'll be given details on how you're affected if it should become top-heavy.

Your ERISA Rights

As a participant in the Novartis Consumer Health, Inc. Investment Savings Plan, you're entitled to certain rights and protections under the Employee Retire ment Income Security Act (ERISA) of 1974 as described in the following information.

Receive Information About Your Plan and Benefits

You may examine, without charge, at the plan administrator's office and at other specified locations, such as worksites, all documents governing the plan, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

You may obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

You may receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

You may obtain a statement telling you whether you have a right to receive a benefit. If you do not have a right to a benefit, the statement will tell you how many more years you have to work to get a right to a benefit. This statement must be requested in writing and is not required to be given more than once every 12 months. The plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a 401(k) benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court.

If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your plan, you should contact the plan administrator.

If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.